

Entrance Facility Space Function

Recurring Rate

		Rate Element Name #1	Rate Element Name #2	Rate Element Name #3	Rate Element Name #4
Central Office Irving - Woodbine, Texas					
		Cable Space			
1 TOTAL INVESTMENT: List Plant & Equip.	\$				
2 Conduit Systems ~ 32.2441 ~ \$3		2,612.24	\$		
3 Buildings ~ 32.2121 ~ \$4		231.24	\$		
4 List Name ~ Pt 32 Acct No. ~ Dep. Life	\$				
5 List Name ~ Pt 32 Acct No. ~ Dep. Life	\$				
6 List Name ~ Pt 32 Acct No. ~ Dep. Life	\$				
7 List Name ~ Pt 32 Acct No. ~ Dep. Life	\$				
8 List Name ~ Pt 32 Acct No. ~ Dep. Life	\$				
9 List Name ~ Pt 32 Acct No. ~ Dep. Life	\$				
10 List Name ~ Pt 32 Acct No. ~ Dep. Life	\$				
11 List Name ~ Pt 32 Acct No. ~ Dep. Life	\$				
12 List Name ~ Pt 32 Acct No. ~ Dep. Life	\$				
13 List Name ~ Pt 32 Acct No. ~ Dep. Life	\$				
14 List Name ~ Pt 32 Acct No. ~ Dep. Life	\$				
15 List Name ~ Pt 32 Acct No. ~ Dep. Life	\$				
16 List Name ~ Pt 32 Acct No. ~ Dep. Life	\$				
17 List Name ~ Pt 32 Acct No. ~ Dep. Life	\$				
18 List Name ~ Pt 32 Acct No. ~ Dep. Life	\$				
19 List Name ~ Pt 32 Acct No. ~ Dep. Life	\$				
20 List Name ~ Pt 32 Acct No. ~ Dep. Life	\$				
21 DEPRECIATION EXPENSE		73.28	\$		
22 COST OF MONEY (\$ Amount)		229.49	\$		
23 COST OF MONEY (Percentage)		11.25%		%	
24 FEDERAL INCOME TAX		118.21	\$		
25 STATE AND LOCAL INCOME TAX		0.00	\$		
26 OTHER TAX: List Taxes					
27 List Property Tax		28.22	\$		
28 List Gross Receipts Tax		0.00	\$		
29 List:	\$				
30 List:	\$				
31 List:	\$				
32 List:	\$				
33 MAINTENANCE EXPENSE		66.92	\$		
34 ADMIN and OTHER EXPENSE: List Expense					
35 Pt Non-Space ~ 32.653X		221.78	\$		
36 Cust Oper ~ 32.652X		155.28	\$		
37 Corp Oper ~ 32.672X		96.58	\$		
38 General Support Fee		33.02	\$		
39 List Name ~ Pt 32 Acct No.	\$				
40 List Name ~ Pt 32 Acct No.	\$				
41 List Name ~ Pt 32 Acct No.	\$				
42 List Name ~ Pt 32 Acct No.	\$				
43 List Name ~ Pt 32 Acct No.	\$				
44 List Name ~ Pt 32 Acct No.	\$				
45 List Name ~ Pt 32 Acct No.	\$				
46 List Name ~ Pt 32 Acct No.	\$				
47 List Name ~ Pt 32 Acct No.	\$				
48 List Name ~ Pt 32 Acct No.	\$				
49 List Name ~ Pt 32 Acct No.	\$				
50 List Name ~ Pt 32 Acct No.	\$				
51 ANNUAL COST PER UNIT		811.80	\$		
52 MONTHLY COST PER UNIT		67.66	\$		
53 MONTHLY RATE PER UNIT		67.66	\$		
54 UNIT OF MEASUREMENT ~ Per Cable					
55 RATIO: Rate / Direct Cost		155.44%			
56 RATIO: Rate / Unit Cost		100.00%			

Notes:

- (1) The Entrance Facility Space Function includes the costs of conduit, vault, riser and similar space used to support an interconnection arrangement from the member to the interconnection's space.
- (2) Row 34: Unit of measurement is the unit on which the rate is being assessed, e.g., cable space per foot, entrance conduit per hundred feet, etc.

Entrance Facility Installation Function

Nonrecurring Rate

		Rate Element Name #1	Rate Element Name #2	Rate Element Name #3	Rate Element Name #4
Central Office Irving-Southwest, Texas		Cable Pull			
1 TOTAL INVESTMENT: List Plant & Equip.	\$				
2 Underground Cable - \$3,242.22		1,000.00			
3 List Name - Pt 32 Acct No. - Dep. Life	\$				
4 List Name - Pt 32 Acct No. - Dep. Life	\$				
5 List Name - Pt 32 Acct No. - Dep. Life	\$				
6 List Name - Pt 32 Acct No. - Dep. Life	\$				
7 List Name - Pt 32 Acct No. - Dep. Life	\$				
8 List Name - Pt 32 Acct No. - Dep. Life	\$				
9 List Name - Pt 32 Acct No. - Dep. Life	\$				
10 List Name - Pt 32 Acct No. - Dep. Life	\$				
11 List Name - Pt 32 Acct No. - Dep. Life	\$				
12 List Name - Pt 32 Acct No. - Dep. Life	\$				
13 List Name - Pt 32 Acct No. - Dep. Life	\$				
14 List Name - Pt 32 Acct No. - Dep. Life	\$				
15 List Name - Pt 32 Acct No. - Dep. Life	\$				
16 List Name - Pt 32 Acct No. - Dep. Life	\$				
17 List Name - Pt 32 Acct No. - Dep. Life	\$				
18 List Name - Pt 32 Acct No. - Dep. Life	\$				
19 List Name - Pt 32 Acct No. - Dep. Life	\$				
20 List Name - Pt 32 Acct No. - Dep. Life	\$				
21 DEPRECIATION EXPENSE					
22 COST OF MONEY (\$ Amount)					
23 COST OF MONEY (Percentage)					
24 FEDERAL INCOME TAX					
25 STATE AND LOCAL INCOME TAX					
26 OTHER TAX: List Taxes					
27 List Property Tax					
28 List					
29 List					
30 List					
31 List					
32 List					
33 MAINTENANCE EXPENSE					
34 ADMIN and OTHER EXPENSE: List Expenses					
35 List Name - Pt 32 Acct No.					
36 List Name - Pt 32 Acct No.					
37 List Name - Pt 32 Acct No.					
38 List Name - Pt 32 Acct No.					
39 List Name - Pt 32 Acct No.					
40 List Name - Pt 32 Acct No.					
41 List Name - Pt 32 Acct No.					
42 List Name - Pt 32 Acct No.					
43 List Name - Pt 32 Acct No.					
44 List Name - Pt 32 Acct No.					
45 List Name - Pt 32 Acct No.					
46 List Name - Pt 32 Acct No.					
47 List Name - Pt 32 Acct No.					
48 List Name - Pt 32 Acct No.					
49 List Name - Pt 32 Acct No.					
50 List Name - Pt 32 Acct No.					
51 COST PER UNIT		1,000.00			
52 MONTHLY COST PER UNIT	\$				
53 RATE PER UNIT	\$	1,000.00			
54 UNIT OF MEASUREMENT					
Per Occurrence					
55 RATIO: Monthly Rate Per Unit / Direct Cost					
56 RATIO: Monthly Rate Per Unit / Unit Cost					

Notes:

- (1) The Entrance Facility Installation Function includes the costs of installing interconnection arrangement from the member's bays to the interconnector's space.
 (2) Row 54: Unit of measurement is the unit on which the rate is being assessed, e.g., cable placement per foot and additional foot, cable splicing, etc.

Entrance Facility Space Function

Recurring Rate

Central Office Irving - Southwest, Texas	Rate Element Name #1	Rate Element Name #2	Rate Element Name #3	Rate Element Name #4
Cable Space				
1 TOTAL INVESTMENT: List Plans & Equip.	\$	\$	\$	\$
2 Conduit Systems - 32.2441 ~ 33		1,071.89	\$	\$
3 Buildings - 32.2121 ~ 34		200.67	\$	\$
4 List Name - Pt. 32 Acct No. - Dep. Life	\$	\$	\$	\$
5 List Name - Pt. 32 Acct No. - Dep. Life	\$	\$	\$	\$
6 List Name - Pt. 32 Acct No. - Dep. Life	\$	\$	\$	\$
7 List Name - Pt. 32 Acct No. - Dep. Life	\$	\$	\$	\$
8 List Name - Pt. 32 Acct No. - Dep. Life	\$	\$	\$	\$
9 List Name - Pt. 32 Acct No. - Dep. Life	\$	\$	\$	\$
10 List Name - Pt. 32 Acct No. - Dep. Life	\$	\$	\$	\$
11 List Name - Pt. 32 Acct No. - Dep. Life	\$	\$	\$	\$
12 List Name - Pt. 32 Acct No. - Dep. Life	\$	\$	\$	\$
13 List Name - Pt. 32 Acct No. - Dep. Life	\$	\$	\$	\$
14 List Name - Pt. 32 Acct No. - Dep. Life	\$	\$	\$	\$
15 List Name - Pt. 32 Acct No. - Dep. Life	\$	\$	\$	\$
16 List Name - Pt. 32 Acct No. - Dep. Life	\$	\$	\$	\$
17 List Name - Pt. 32 Acct No. - Dep. Life	\$	\$	\$	\$
18 List Name - Pt. 32 Acct No. - Dep. Life	\$	\$	\$	\$
19 List Name - Pt. 32 Acct No. - Dep. Life	\$	\$	\$	\$
20 List Name - Pt. 32 Acct No. - Dep. Life	\$	\$	\$	\$
21 DEPRECIATION EXPENSE		88.86	\$	\$
22 COST OF MONEY (Amount)		104.81	\$	\$
23 COST OF MONEY (Percentage)		11.25%	\$	\$
24 FEDERAL INCOME TAX		63.88	\$	\$
25 STATE AND LOCAL INCOME TAX		0.00	\$	\$
26 OTHER TAX: List Taxes			\$	\$
27 List: Property Tax		18.80	\$	\$
28 List: Gross Receipts Tax		0.00	\$	\$
29 List:			\$	\$
30 List:			\$	\$
31 List:			\$	\$
32 List:			\$	\$
33 MAINTENANCE EXPENSE		23.89	\$	\$
34 ADMIN and OTHER EXPENSE: List Expense			\$	\$
35 PH Non-Spec - 32.8630X		24.47	\$	\$
36 Cust Oper - 32.8630X		39.44	\$	\$
37 Corp Oper - 32.6720X		44.81	\$	\$
38 General Support Fee		27.14	\$	\$
39 List: Name - Pt. 32 Acct No.	\$	\$	\$	\$
40 List: Name - Pt. 32 Acct No.	\$	\$	\$	\$
41 List: Name - Pt. 32 Acct No.	\$	\$	\$	\$
42 List: Name - Pt. 32 Acct No.	\$	\$	\$	\$
43 List: Name - Pt. 32 Acct No.	\$	\$	\$	\$
44 List: Name - Pt. 32 Acct No.	\$	\$	\$	\$
45 List: Name - Pt. 32 Acct No.	\$	\$	\$	\$
46 List: Name - Pt. 32 Acct No.	\$	\$	\$	\$
47 List: Name - Pt. 32 Acct No.	\$	\$	\$	\$
48 List: Name - Pt. 32 Acct No.	\$	\$	\$	\$
49 List: Name - Pt. 32 Acct No.	\$	\$	\$	\$
50 List: Name - Pt. 32 Acct No.	\$	\$	\$	\$
51 ANNUAL COST PER UNIT		373.24	\$	\$
52 MONTHLY COST PER UNIT		31.10	\$	\$
53 MONTHLY RATE PER UNIT		31.10	\$	\$
54 UNIT OF MEASUREMENT ~ Per Cable				
55 RATIO: Rate / Direct Cost		157.22%		
56 RATIO: Rate / Unit Cost		98.89%		

Notes:

- (1) The Entrance Facility Space Function includes the costs of conduit, vault, fiber and similar space used to support an interconnection arrangement from the manholes to the interconnectee's space.
 (2) Row 54: Unit of measurement is the unit on which the rate is being assessed, e.g., cable space per foot, entrance conduit per interconnect foot, etc.

Entrance Facility Installation Function

Nonsecurable Rate

Central Office	Rate Element Name #1	Rate Element Name #2	Rate Element Name #3	Rate Element Name #4
Fring - Wainus HS, Texas	Cable Pull			
1 TOTAL INVESTMENT: List Plant & Equip.	\$			
2 Underground Cable - \$2,2422		1,082.31		
3 List Name - Pt. 32 Acct No. - Dep. Life	\$			
4 List Name - Pt. 32 Acct No. - Dep. Life	\$			
5 List Name - Pt. 32 Acct No. - Dep. Life	\$			
6 List Name - Pt. 32 Acct No. - Dep. Life	\$			
7 List Name - Pt. 32 Acct No. - Dep. Life	\$			
8 List Name - Pt. 32 Acct No. - Dep. Life	\$			
9 List Name - Pt. 32 Acct No. - Dep. Life	\$			
10 List Name - Pt. 32 Acct No. - Dep. Life	\$			
11 List Name - Pt. 32 Acct No. - Dep. Life	\$			
12 List Name - Pt. 32 Acct No. - Dep. Life	\$			
13 List Name - Pt. 32 Acct No. - Dep. Life	\$			
14 List Name - Pt. 32 Acct No. - Dep. Life	\$			
15 List Name - Pt. 32 Acct No. - Dep. Life	\$			
16 List Name - Pt. 32 Acct No. - Dep. Life	\$			
17 List Name - Pt. 32 Acct No. - Dep. Life	\$			
18 List Name - Pt. 32 Acct No. - Dep. Life	\$			
19 List Name - Pt. 32 Acct No. - Dep. Life	\$			
20 List Name - Pt. 32 Acct No. - Dep. Life	\$			
21 DEPRECIATION EXPENSE	\$			
22 COST OF MONEY (\$ Amount)	\$			
23 COST OF MONEY (Percentage)	%			
24 FEDERAL INCOME TAX	\$			
25 STATE AND LOCAL INCOME TAX	\$			
26 OTHER TAX: List Taxes	\$			
27 Use: Property Tax	\$			
28 List:	\$			
29 List:	\$			
30 List:	\$			
31 List:	\$			
32 List:	\$			
33 MAINTENANCE EXPENSE	\$			
34 ADMIN AND OTHER EXPENSE: List Expenses	\$			
35 List Name - Pt. 32 Acct No.	\$			
36 List Name - Pt. 32 Acct No.	\$			
37 List Name - Pt. 32 Acct No.	\$			
38 List Name - Pt. 32 Acct No.	\$			
39 List Name - Pt. 32 Acct No.	\$			
40 List Name - Pt. 32 Acct No.	\$			
41 List Name - Pt. 32 Acct No.	\$			
42 List Name - Pt. 32 Acct No.	\$			
43 List Name - Pt. 32 Acct No.	\$			
44 List Name - Pt. 32 Acct No.	\$			
45 List Name - Pt. 32 Acct No.	\$			
46 List Name - Pt. 32 Acct No.	\$			
47 List Name - Pt. 32 Acct No.	\$			
48 List Name - Pt. 32 Acct No.	\$			
49 List Name - Pt. 32 Acct No.	\$			
50 List Name - Pt. 32 Acct No.	\$			
51 COST PER UNIT	\$	1,082.31		
52 MONTHLY COST PER UNIT	\$			
53 RATE PER UNIT	\$	1,083.00		
54 UNIT OF MEASUREMENT				
Per Occurrence				
55 RATIO: Monthly Rate Per Unit / Direct Cost				
56 RATIO: Monthly Rate Per Unit / Unit Cost				

Notes:

- (1) The Entrance Facility Installation Function includes the costs of installing interconnection arrangements from the members to the interconnectors's spaces.
(2) Row 54: Unit of measurement is the unit on which the rate is being assessed, e.g., cable placement per first and additional foot, cable splicing, etc.

Entrance Facility Space Function

Recurring Rates

Central Office Irving - Walnut Hill, Texas	Rate Element Name #1 Cable Space	Rate Element Name #2	Rate Element Name #3	Rate Element Name #4
1 TOTAL INVESTMENT: List Plant & Equip.	\$			
2 Conduit Systems - 32.2441 - 33	1,211.28	\$		
3 Buildings - 32.2121 - 34	250.35	\$		
4 List: Name - Pt.32 Acct No. ~ Dep. Life	\$			
5 List: Name - Pt.32 Acct No. ~ Dep. Life	\$			
6 List: Name - Pt.32 Acct No. ~ Dep. Life	\$			
7 List: Name - Pt.32 Acct No. ~ Dep. Life	\$			
8 List: Name - Pt.32 Acct No. ~ Dep. Life	\$			
9 List: Name - Pt.32 Acct No. ~ Dep. Life	\$			
10 List: Name - Pt.32 Acct No. ~ Dep. Life	\$			
11 List: Name - Pt.32 Acct No. ~ Dep. Life	\$			
12 List: Name - Pt.32 Acct No. ~ Dep. Life	\$			
13 List: Name - Pt.32 Acct No. ~ Dep. Life	\$			
14 List: Name - Pt.32 Acct No. ~ Dep. Life	\$			
15 List: Name - Pt.32 Acct No. ~ Dep. Life	\$			
16 List: Name - Pt.32 Acct No. ~ Dep. Life	\$			
17 List: Name - Pt.32 Acct No. ~ Dep. Life	\$			
18 List: Name - Pt.32 Acct No. ~ Dep. Life	\$			
19 List: Name - Pt.32 Acct No. ~ Dep. Life	\$			
20 List: Name - Pt.32 Acct No. ~ Dep. Life	\$			
21 DEPRECIATION EXPENSE	38.96	\$		
22 COST OF MONEY (\$ Amount)	115.50	\$		
23 COST OF MONEY (Percentage)	11.25%			*
24 FEDERAL INCOME TAX	39.70	\$		
25 STATE AND LOCAL INCOME TAX	0.00	\$		
26 OTHER TAX: List Taxes		\$		
27 List: Property Tax	15.02	\$		
28 List: Gross Receipts Tax	0.00	\$		
29 List:	\$			
30 List:	\$			
31 List:	\$			
32 List:	\$			
33 MAINTENANCE EXPENSE	33.26	\$		
34 ADMIN and OTHER EXPENSE: List Expense				
35 Pt Non-Spec - 32.8633	27.09	\$		
36 Cust Oper - 32.8633X	43.57	\$		
37 Corp Oper - 32.8770X	48.47	\$		
38 General Support Fees	23.38	\$		
39 List: Name - Pt.32 Acct No.	\$			
40 List: Name - Pt.32 Acct No.	\$			
41 List: Name - Pt.32 Acct No.	\$			
42 List: Name - Pt.32 Acct No.	\$			
43 List: Name - Pt.32 Acct No.	\$			
44 List: Name - Pt.32 Acct No.	\$			
45 List: Name - Pt.32 Acct No.	\$			
46 List: Name - Pt.32 Acct No.	\$			
47 List: Name - Pt.32 Acct No.	\$			
48 List: Name - Pt.32 Acct No.	\$			
49 List: Name - Pt.32 Acct No.	\$			
50 List: Name - Pt.32 Acct No.	\$			
51 ANNUAL COST PER UNIT	412.81	\$		
52 MONTHLY COST PER UNIT	34.41	\$		
53 MONTHLY RATE PER UNIT	34.41	\$		
54 UNIT OF MEASUREMENT - Per Cable				
55 RATIO: Rate / Direct Cost	157.00%			
56 RATIO: Rate / Unit Cost	103.00%			

Notes:

- (1) The Entrance Facility Space Function includes the costs of conduit, vault, riser and similar spaces used to support an interconnection arrangement from the manhole to the interconnectee's space.
- (2) Row 54: Unit of measurement is the unit on which the rate is being assessed, e.g., cable space per foot, entrance conduit per linearized foot, etc.



GTE DIRECT CASE

ATTACHMENT 2

GTE SYSTEM TELEPHONE COMPANIES

TARIFF REVIEW PLAN

Floor Space Function

Recurring Rate

2. **Buildings - 32.2121:** This figure represents the replacement cost of the central office. It was calculated by adjusting the surviving vintage office investment for inflation, then dividing the resultant balance by the total square footage of the building. This yielded the investment per square foot which, after adjusting for salvage value, was the amount entered on this line.
21. **Depreciation Expense:** This figure was calculated on a straight line basis from the book life of the **Buildings - 32.2121** accounts in GSTCs 1992 annual charge factor studies. To this amount was added a weighted percentage proportion of the annual nonrecoverable cost shown on the **Investment and Cost Data Summary** included for each rate element in the original filing. The annual nonrecoverable cost reflects a portion of the investment and labor costs which must be recovered over the revenue life. The nonrecoverable costs are derived by computing an annuity for the present value of capital investment plus income tax effects, based on the revenue life of the service and an 11.25% discount rate. Depreciation, return, and tax expenses are then subtracted from the annuity amount to arrive at the total nonrecoverable cost.
22. **Cost of Money:** The calculation of this figure was detailed on the **Return and Income Tax Calculations** sheets provided with the original filing. To the initial return figure shown on that form was added a weighted percentage proportion of the annual nonrecoverable cost shown on the **Investment and Cost Data Summary** included for each rate element in the original filing. The annual nonrecoverable cost is explained in 21. **Depreciation Expense.**
23. **Cost of Money (Percentage):** GSTCs authorized rate of return.
24. **Federal Tax:** The calculation of this figure was detailed on the **Return and Income Tax Calculations** sheets provided with the original filing. To the initial federal income tax figure shown on that form was added a weighted percentage proportion of the annual nonrecoverable cost shown on the **Investment and Cost Data Summary** included for each rate element in the original filing. The annual nonrecoverable cost is explained in 21. **Depreciation Expense.**
25. **State and Local Income Tax:** The calculation of this figure was detailed on the **Return and Income Tax Calculations** sheets provided with the original filing. To the initial state income tax figure shown on that form was added a weighted percentage proportion of the annual nonrecoverable cost shown on the **Investment and Cost Data Summary** included for each rate element in the

original filing. The annual nonrecoverable cost is explained in 21. Depreciation Expense.

27. Property Tax: This figure is calculated from the individual states property tax factor in GSTCs 1992 financial factor studies.
28. Gross Receipts Tax: If applicable, this figure is calculated from the individual states gross receipts tax factor in GSTCs 1992 financial factor studies.
33. Maintenance Expense: This figure is calculated from the individual states plant specific expense factor in GSTCs 1992 annual charge factor studies.
35. Plant Non-specific Expense: This figure is calculated from the individual states plant non-specific expense factor in GSTCs 1992 annual charge factor studies.
36. Customer Operations Expense: This figure is calculated from the individual states customer operations expense factor in GSTCs 1992 annual charge factor studies.
37. Corporate Operations Expense: This figure is calculated from the individual states corporate operations expense factor in GSTCs 1992 annual charge factor studies.
38. General Support Facilities Expense: This figure is calculated from the individual states miscellaneous loadings expense factor in GSTCs 1992 annual charge factor studies.
51. Annual Cost per Unit: The summation of lines 21 through 50.
52. Monthly Cost per Unit: Line 51 divided by 12.
53. Monthly Rate per Unit: GSTCs proposed rate.
54. Unit of Measurement: GSTCs Partition Space rate element is applied on a per square foot basis.
55. Ratio: Rate/Direct Cost: GSTCs proposed rate divided by the monthly cost per unit less administrative expenses.
56. Ratio: Rate/Unit Cost: Line 53 / Line 52

Interconnector-Specific Construction Function

Recurring Rate

2. Buildings - 32.2121: This figure represents the prospective material cost of installing the cage, charger circuit, outlets & lighting, fire system, grounding, electric sub-panel, and electric feed. The base material cost for these modifications is \$3,495. This is a national average based on information contained in "The Means Building Construction Cost Data Book". The base cost was then adjusted geographically for differences in material costs. The tasks outlined for this rate element would be performed by non-GSTC personnel under a contract arrangement.

The modifications required and their percentage of the base material cost is shown below:

Cage Materials	34%
Charger Circuit	11%
Outlets & Lighting	26%
Fire System	4%
Grounding	2%
Elec. Sub-panel	14%
Elec. Feed	10%

21. Depreciation Expense: This figure was calculated on a straight line basis from the book life of the Buildings - 32.2121 account in GSTCs 1992 annual charge factor studies. To this amount was added a weighted percentage proportion of the annual nonrecoverable cost shown on the Investment and Cost Data Summary included for each rate element in the original filing. The annual nonrecoverable cost reflects a portion of the investment and labor costs which must be recovered over the revenue life. The nonrecoverable costs are derived by computing an annuity for the present value of capital investment plus income tax effects, based on the revenue life of the service and an 11.25% discount rate. Depreciation, return, and tax expenses are then subtracted from the annuity amount to arrive at the total nonrecoverable cost.
22. Cost of Money: The calculation of this figure was detailed on the Return and Income Tax Calculations sheets provided with the original filing. To the initial return figure shown on that form was added a weighted percentage proportion of the annual nonrecoverable cost shown on the Investment and Cost Data Summary included for each rate element in the original filing. The annual nonrecoverable cost is explained in 21. Depreciation Expense.
23. Cost of Money (Percentage): GSTCs authorized rate of return.

24. Federal Tax: The calculation of this figure was detailed on the Return and Income Tax Calculations sheets provided with the original filing. To the initial federal income tax figure shown on that form was added a weighted percentage proportion of the annual nonrecoverable cost shown on the Investment and Cost Data Summary included for each rate element in the original filing. The annual nonrecoverable cost is explained in 21. Depreciation Expense.
25. State and Local Income Tax: The calculation of this figure was detailed on the Return and Income Tax Calculations sheets provided with the original filing. To the initial state income tax figure shown on that form was added a weighted percentage proportion of the annual nonrecoverable cost shown on the Investment and Cost Data Summary included for each rate element in the original filing. The annual nonrecoverable cost is explained in 21. Depreciation Expense.
27. Property Tax: This figure is calculated from the individual states property tax factor in GSTCs 1992 financial factor studies.
28. Gross Receipts Tax: If applicable, this figure is calculated from the individual states gross receipts tax factor in GSTCs 1992 financial factor studies.
33. Maintenance Expense: This figure is calculated from the individual states plant specific expense factor in GSTCs 1992 annual charge factor studies.
51. Annual Cost per Unit: The summation of lines 21 through 50.
52. Monthly Cost per Unit: Line 51 / 12.
53. Monthly Rate per Unit: GSTCs proposed rate.
54. Unit of Measurement: Per interconnection.
55. Ratio: Rate/Direct Cost: GSTCs proposed rate divided by the monthly cost per unit less administrative expenses.
56. Ratio: Rate/Unit Cost: Line 53 / Line 52

DC Power Generation Function

Recurring Rate

35. **Power Expense:** This figure represents the monthly cost per square foot of the power used by the interconnectors equipment. It was calculated assuming the interconnector required 100 amps and 48 volts (i.e. 4.8 KWH of power) for his equipment. This power requirement was then multiplied by average cost of commercial electricity in the office's geographic area. This was then converted to a monthly power cost by multiplying by 24 hours and 30 days. This monthly power cost was then adjusted by a efficiency and heat loss factor of 1.4. This reflects the reality that for every kilowatt-hour used by a user, more than one kilowatt-hour leaves the power company. Finally the monthly power cost corrected for power loss was divided by the interconnector's 100 square feet cage area to provide a monthly power cost per square foot. This calculation is shown in detail in GSTCs original filing documentation.
52. **Monthly Cost per Unit:** Line 35.
53. **Monthly Rate per Unit:** GSTCs proposed rate.
54. **Unit of Measurement:** Per square foot.

DC Power Installation Function

Recurring Rate

2. Digital Switch - 32.2212: This figure represents the prospective labor cost of installing a power board, batteries, spares, fuses, power distribution bay, power cable, and bracing for DC cable. The base labor cost for these modifications is \$14,624. This is a national average based on information contained in "The Means Building Construction Cost Data Book". The base cost was then adjusted geographically for differences in labor costs. The tasks outlined for this rate element would be performed by non-GSTC personnel under a contract arrangement.

The modifications required and their percentage of the base labor cost is shown below:

Power Board	38%
Batteries	28%
Spares	4%
Fuses at Power Plant	1%
Power Distribution Bay	17%
Power Cable	6%
Bracing for DC Cable	6%

21. Depreciation Expense: This figure was calculated on a straight line basis from the book life of the Digital Switch - 32.2212 account in GSTCs 1992 annual charge factor studies. To this amount was added a weighted percentage proportion of the annual nonrecoverable cost shown on the Investment and Cost Data Summary included for each rate element in the original filing. The annual nonrecoverable cost reflects a portion of the investment and labor costs which must be recovered over the revenue life. The nonrecoverable costs are derived by computing an annuity for the present value of capital investment plus income tax effects, based on the revenue life of the service and an 11.25% discount rate. Depreciation, return, and tax expenses are then subtracted from the annuity amount to arrive at the total nonrecoverable cost.
22. Cost of Money: The calculation of this figure was detailed on the Return and Income Tax Calculations sheets provided with the original filing. To the initial return figure shown on that form was added a weighted percentage proportion of the annual nonrecoverable cost shown on the Investment and Cost Data Summary included for each rate element in the original filing. The annual nonrecoverable cost is explained in 21. Depreciation Expense.
23. Cost of Money (Percentage): GSTCs authorized rate of return.

24. Federal Tax: The calculation of this figure was detailed on the Return and Income Tax Calculations sheets provided with the original filing. To the initial federal income tax figure shown on that form was added a weighted percentage proportion of the annual nonrecoverable cost shown on the Investment and Cost Data Summary included for each rate element in the original filing. The annual nonrecoverable cost is explained in 21. Depreciation Expense.
25. State and Local Income Tax: The calculation of this figure was detailed on the Return and Income Tax Calculations sheets provided with the original filing. To the initial state income tax figure shown on that form was added a weighted percentage proportion of the annual nonrecoverable cost shown on the Investment and Cost Data Summary included for each rate element in the original filing. The annual nonrecoverable cost is explained in 21. Depreciation Expense.
27. Property Tax: This figure is calculated from the individual states property tax factor in GSTCs 1992 financial factor studies.
28. Gross Receipts Tax: If applicable, this figure is calculated from the individual states gross receipts tax factor in GSTCs 1992 financial factor studies.
33. Maintenance Expense: This figure is calculated from the individual states plant specific expense factor in GSTCs 1992 annual charge factor studies.
51. Annual Cost per Unit: The summation of lines 21 through 50.
52. Monthly Cost per Unit: Line 51 / 12.
53. Monthly Rate per Unit: GSTCs proposed rate.
54. Unit of Measurement: Per Interconnection.
55. Ratio: Rate/Direct Cost: GSTCs proposed rate divided by the monthly cost per unit less administrative expenses.
56. Ratio: Rate/Unit Cost: Line 53 / Line 52

Entrance Facility Space Function

Recurring Rate

2. **Conduit Systems - 32.2441:** This figure represent the costs for replacing manhole and conduit space used by interconnectors. The tasks outlined for this rate element would be performed by non-GSTC personnel under a contract arrangement. The manhole portion of the investment on this line was developed by taking GSTCs manhole material cost of \$1936 and applying state specific OSP supply expense and minor material factors. Then the area specific contract labor amounts for manhole placing, core drilling the manhole, and core drilling the central office were added to develop the "in-place" manhole cost. This cost was divided by the number of conduits from the manhole to the central office and then further divided by the number of subducts per conduit to arrive at a cost per cable.

The contract labor rates are as follows:

Manhole placing (\$ per manhole):

AR - 1850	IL - 2000	MO - 1850	VA - 2000
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Core drilling (\$ per core drill):

AR - 178	IL - 175	MO - 178	VA - 110
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The conduit portion of the investment on this line was developed by taking GSTCs conduit material cost of \$0.67 per foot and applying state specific OSP supply expense and minor material factors. Then the area specific contract labor amounts for trenching, subduct placing, concrete work, and restoration were added to develop the "in-place" conduit cost per foot. This cost was multiplied by the number of feet from the manhole to the central office and then divided by the number of subducts per conduit to arrive at a cost per cable.

The contract labor rates are as follows:

Trenching (\$ per foot):

AR - 1.90	IL - 2.25	MO - 1.90	VA - 4.50
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Subduct placing (\$ per foot):

AR - 0.85	IL - 0.75	MO - 0.85	VA - 0.69
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Concrete work (per foot):

AR - 3.05	IL - 3.00	MO - 3.05	VA - 4.00
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Restoration (per foot):

AR - 6.05	IL - 4.50	MO - 6.05	VA - 4.50
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3. **Buildings - 32.2121:** This figure represent the average cost of cable vault space used by the interconnectors cable. It is based on an a GSTC average cable vault investment of \$122 per square foot, 100 square foot cable vault, 43 ducts per vault, and 3 subducts per duct. To this material cost is added an average labor cost of \$166.67 per subduct. This yields an average cable vault cost per subduct of \$261.24 which is applied to all offices.
21. **Depreciation Expense:** This figure was calculated on a straight line basis from the book life of the Conduit Systems - 32.2441 and the Buildings - 32.2121 accounts in GSTCs 1992 annual charge factor studies. To this amount was added a weighted percentage proportion of the annual nonrecoverable cost shown on the Investment and Cost Data Summary included for each rate element in the original filing. The annual nonrecoverable cost reflects a portion of the investment and labor costs which must be recovered over the revenue life. The nonrecoverable costs are derived by computing an annuity for the present value of capital investment plus income tax effects, based on the revenue life of the service and an 11.25% discount rate. Depreciation, return, and tax expenses are then subtracted from the annuity amount to arrive at the total nonrecoverable cost.
22. **Cost of Money:** The calculation of this figure was detailed on the Return and Income Tax Calculations sheets provided with the original filing. To the initial return figure shown on that form was added a weighted percentage proportion of the annual nonrecoverable cost shown on the Investment and Cost Data Summary included for each rate element in the original filing. The annual nonrecoverable cost is explained in 21. Depreciation Expense.
23. **Cost of Money (Percentage):** GSTCs authorized rate of return.
24. **Federal Tax:** The calculation of this figure was detailed on the Return and Income Tax Calculations sheets provided with the original filing. To the initial federal income tax figure shown on that form was added a weighted percentage proportion of the annual nonrecoverable cost shown on the Investment and Cost Data Summary included for each rate element in the original filing. The annual nonrecoverable cost is explained in 21. Depreciation Expense.
25. **State and Local Income Tax:** The calculation of this figure was detailed on the Return and Income Tax Calculations sheets provided with the original filing. To the initial state income tax figure shown on that form was added a weighted percentage proportion of the annual nonrecoverable cost shown on the Investment and Cost Data Summary included for each rate element in the original filing. The annual nonrecoverable cost is explained in 21. Depreciation Expense.

27. Property Tax: This figure is calculated from the individual states property tax factor in GSTCs 1992 financial factor studies.
28. Gross Receipts Tax: If applicable, this figure is calculated from the individual states gross receipts tax factor in GSTCs 1992 financial factor studies.
33. Maintenance Expense: This figure is calculated from the individual states plant specific expense factor in GSTCs 1992 annual charge factor studies.
35. Plant Non-specific Expense: This figure is calculated from the individual states plant non-specific expense factor in GSTCs 1992 annual charge factor studies.
36. Customer Operations Expense: This figure is calculated from the individual states customer operations expense factor in GSTCs 1992 annual charge factor studies.
37. Corporate Operations Expense: This figure is calculated from the individual states corporate operations expense factor in GSTCs 1992 annual charge factor studies.
38. General Support Facilities Expense: This figure is calculated from the individual states miscellaneous loadings expense factor in GSTCs 1992 annual charge factor studies.
51. Annual Cost per Unit: The summation of lines 21 through 30.
52. Monthly Cost per Unit: Line 51 / 12.
53. Monthly Rate per Unit: GSTCs proposed rate.
54. Unit of Measurement: Per cable.
55. Ratio: Rate/Direct Cost: GSTCs proposed rate divided by the monthly cost per unit less administrative expenses.
56. Ratio: Rate/Unit Cost: Line 53 / Line 52

DS1 Cross-Connection Equipment Function

Recurring Rate

2. **Digital Circuit Equipment - 32.2232.21:** This figure represents the material and labor costs of providing a DS1 cross-connection. This cost was developed by taking GSTCs' base material cost for a fully equipped DSX-1 bay of \$529 and adding to this the state specific supply and minor material loadings. This cost was then adjusted for a 90% fill factor and then divided by the bay's DS1 capacity. This amount was then multiplied by 2 because two DSX-1 connections are required per cross-connect. The engineering and installation costs were developed by dividing the number of engineering and installation hours for the DSX-1 bay by the capacity of the bay then multiplying by the respective state specific labor rates that were provided with GSTCs' original filing.
21. **Depreciation Expense:** This figure was calculated on a straight line basis from the book life of the Digital Circuit Equipment - 32.2232.21 accounts in GSTCs 1992 annual charge factor studies. To this amount was added a weighted percentage proportion of the annual nonrecoverable cost shown on the Investment and Cost Data Summary included for each rate element in the original filing. The annual nonrecoverable cost reflects a portion of the investment and labor costs which must be recovered over the revenue life. The nonrecoverable costs are derived by computing an annuity for the present value of capital investment plus income tax effects, based on the revenue life of the service and an 11.25% discount rate. Depreciation, return, and tax expenses are then subtracted from the annuity amount to arrive at the total nonrecoverable cost.
22. **Cost of Money:** The calculation of this figure was detailed on the Return and Income Tax Calculations sheets provided with the original filing. To the initial return figure shown on that form was added a weighted percentage proportion of the annual nonrecoverable cost shown on the Investment and Cost Data Summary included for each rate element in the original filing. The annual nonrecoverable cost is explained in 21. Depreciation Expense.
23. **Cost of Money (Percentage):** GSTCs authorized rate of return.
24. **Federal Tax:** The calculation of this figure was detailed on the Return and Income Tax Calculations sheets provided with the original filing. To the initial federal income tax figure shown on that form was added a weighted percentage proportion of the annual nonrecoverable cost shown on the Investment and Cost Data Summary included for each rate element in the original filing. The annual nonrecoverable cost is explained in 21. Depreciation Expense.

25. State and Local Income Tax: The calculation of this figure was detailed on the Return and Income Tax Calculations sheets provided with the original filing. To the initial state income tax figure shown on that form was added a weighted percentage proportion of the annual nonrecoverable cost shown on the Investment and Cost Data Summary included for each rate element in the original filing. The annual nonrecoverable cost is explained in 21. Depreciation Expense.
27. Property Tax: This figure is calculated from the individual states property tax factor in GSTCs 1992 financial factor studies.
28. Gross Receipts Tax: If applicable, this figure is calculated from the individual states gross receipts tax factor in GSTCs 1992 financial factor studies.
33. Maintenance Expense: This figure is calculated from the individual states plant specific expense factor in GSTCs 1992 annual charge factor studies.
35. Plant Non-specific Expense: This figure is calculated from the individual states plant non-specific expense factor in GSTCs 1992 annual charge factor studies.
36. Customer Operations Expense: This figure is calculated from the individual states customer operations expense factor in GSTCs 1992 annual charge factor studies.
37. Corporate Operations Expense: This figure is calculated from the individual states corporate operations expense factor in GSTCs 1992 annual charge factor studies.
38. General Support Facilities Expense: This figure is calculated from the individual states miscellaneous loadings expense factor in GSTCs 1992 annual charge factor studies.
51. Annual Cost per Unit: The summation of lines 21 through 50.
52. Monthly Cost per Unit: Line 51 / 12.
53. Monthly Rate per Unit: GSTCs proposed rate.
54. Unit of Measurement: Per DS1.
55. Ratio: Rate/Direct Cost: GSTCs proposed rate divided by the monthly cost per unit less administrative expenses.
56. Ratio: Rate/Unit Cost: Line 53 / Line 52

DS3 Cross-Connection Equipment Function

Recurring Rate

2. **Digital Circuit Equipment - 32.2232.21:** This figure represents the material and labor costs of providing a DS3 cross-connection. This cost was developed by taking GSTCs' base material cost for one fully equipped DSX-3 module of \$284 and adding to this the state specific supply and minor material loadings. This cost was then adjusted for a 90% fill factor. This amount was then multiplied by 2 because two DSX-3 modules are required per cross-connect. The engineering and installation costs were developed by dividing the number of engineering and installation hours for the DSX-3 module by the capacity of the module then multiplying by the respective state specific labor rates that were provided with GSTCs' original filing.
21. **Depreciation Expense:** This figure was calculated on a straight line basis from the book life of the **Digital Circuit Equipment - 32.2232.21** accounts in GSTCs 1992 annual charge factor studies. To this amount was added a weighted percentage proportion of the annual nonrecoverable cost shown on the **Investment and Cost Data Summary** included for each rate element in the original filing. The annual nonrecoverable cost reflects a portion of the investment and labor costs which must be recovered over the revenue life. The nonrecoverable costs are derived by computing an annuity for the present value of capital investment plus income tax effects, based on the revenue life of the service and an 11.25% discount rate. Depreciation, return, and tax expenses are then subtracted from the annuity amount to arrive at the total nonrecoverable cost.
22. **Cost of Money:** The calculation of this figure was detailed on the **Return and Income Tax Calculations** sheets provided with the original filing. To the initial return figure shown on that form was added a weighted percentage proportion of the annual nonrecoverable cost shown on the **Investment and Cost Data Summary** included for each rate element in the original filing. The annual nonrecoverable cost is explained in 21. **Depreciation Expense.**
23. **Cost of Money (Percentage):** GSTCs authorized rate of return.
24. **Federal Tax:** The calculation of this figure was detailed on the **Return and Income Tax Calculations** sheets provided with the original filing. To the initial federal income tax figure shown on that form was added a weighted percentage proportion of the annual nonrecoverable cost shown on the **Investment and Cost Data Summary** included for each rate element in the original filing. The annual nonrecoverable cost is explained in 21. **Depreciation Expense.**

25. State and Local Income Tax: The calculation of this figure was detailed on the Return and Income Tax Calculations sheets provided with the original filing. To the initial state income tax figure shown on that form was added a weighted percentage proportion of the annual nonrecoverable cost shown on the Investment and Cost Data Summary included for each rate element in the original filing. The annual nonrecoverable cost is explained in 21. Depreciation Expense.
27. Property Tax: This figure is calculated from the individual states property tax factor in GSTCs 1992 financial factor studies.
28. Gross Receipts Tax: If applicable, this figure is calculated from the individual states gross receipts tax factor in GSTCs 1992 financial factor studies.
33. Maintenance Expense: This figure is calculated from the individual states plant specific expense factor in GSTCs 1992 annual charge factor studies.
35. Plant Non-specific Expense: This figure is calculated from the individual states plant non-specific expense factor in GSTCs 1992 annual charge factor studies.
36. Customer Operations Expense: This figure is calculated from the individual states customer operations expense factor in GSTCs 1992 annual charge factor studies.
37. Corporate Operations Expense: This figure is calculated from the individual states corporate operations expense factor in GSTCs 1992 annual charge factor studies.
38. General Support Facilities Expense: This figure is calculated from the individual states miscellaneous loadings expense factor in GSTCs 1992 annual charge factor studies.
51. Annual Cost per Unit: The summation of lines 21 through 50.
52. Monthly Cost per Unit: Line 51 / 12.
53. Monthly Rate per Unit: GSTCs proposed rate.
54. Unit of Measurement: Per DS3.
55. Ratio: Rate/Direct Cost: GSTCs proposed rate divided by the monthly cost per unit less administrative expenses.
56. Ratio: Rate/Unit Cost: Line 53 / Line 52

Interconnector-Specific Construction Function

Nonrecurring Rate

2. **Buildings** - 32.2121: This figure represents the prospective labor cost of installing the cage, charger circuit, outlets & lighting, fire system, grounding, electric sub-panel, and electric feed. The base labor cost for these modifications is \$1,317. This is a national average based on information contained in "The Means Building Construction Cost Data Book". The base cost was then adjusted geographically for differences in labor costs. The tasks outlined for this rate element would be performed by non-GSTC personnel under a contract agreement.

The modifications required and their percentage of the base labor cost is shown below:

Cage Materials	25%
Charger Circuit	12%
Outlets & Lighting	29%
Fire System	5%
Grounding	2%
Elec. Sub-panel	16%
Elec. Feed	11%

33. **Rate per Unit**: GSTCs proposed NRC.
54. **Unit of Measurement**: Per interconnection.

DC Power Installation Function

Nonrecurring Rate

2. **Digital Switch - 32.2212:** This figure represents the prospective labor cost of installing a power board, batteries, spares, fuses, power distribution bay, power cable, and bracing for DC cable. The base labor cost for these modifications is \$7,347. This is a national average based on information contained in "The Means Building Construction Cost Data Book". The base cost was then adjusted geographically for differences in labor costs. The tasks outlined for this rate element would be performed by non-GSTC personnel under a contract agreement.

The modifications required and their percentage of the base labor cost is shown below:

Power Board	38%
Batteries	28%
Spares	4%
Fuses at Power Plant	1%
Power Distribution Bay	17%
Power Cable	6%
Bracing for DC Cable	6%

53. **Rate per Unit:** GSTCs proposed NRC.
54. **Unit of Measurement:** Per interconnection.

Common Construction Function

Nonrecurring Rate

2. **Buildings - 32.2121:** This figure represents the prospective cost of modifications to a central office HVAC system. For simple offices this is 14% of the building modification material and labor. For moderate and complex offices this cost is 3% of the building modification material and labor. The base cost for these modifications for a simple office \$1,880, for a moderate office is \$600, and for a complex office is \$330. This base cost assumes a 60/40 split between material and labor. As with all the building modification costs, these are averages calculated based on a sample of offices. GSTC's land/building engineers inspected the sample offices and, based on previous experience with these types of modifications, calculated the appropriate costs for the modifications. The base cost was then adjusted geographically for differences in material and labor costs. GSTC would capitalize all the costs associated with performance of this function.

The modifications required and their percentage of the base cost is shown below:

HVAC Modifications	Simple	Moderate	Complex
	14%	3%	3%

24. **Federal Tax:** The calculation of this figure was detailed on the Return and Income Tax Calculations sheets provided with the original filing. To the initial federal income tax figure shown on that form was added a weighted percentage proportion of the annual nonrecoverable cost shown on the Investment and Cost Data Summary included for each rate element in the original filing. The annual nonrecoverable cost reflects a portion of the investment and labor costs which must be recovered over the revenue life. The nonrecoverable costs are derived by computing an annuity for the present value of capital investment plus income tax effects, based on the revenue life of the service and an 11.25% discount rate. Depreciation, return, and tax expenses are then subtracted from the annuity amount to arrive at the total nonrecoverable cost. The combined federal tax and nonrecoverable figure was then converted to a present value at 11.25% over 20 years. If the present value calculation is disallowed, GSTC should be allowed to recover this tax liability on a monthly recurring basis.
25. **State and Local Income Tax:** The calculation of this figure was detailed on the Return and Income Tax Calculations sheets provided with the original filing. To the initial state income tax figure shown on that form was added a weighted percentage proportion of the annual nonrecoverable cost shown on the

Investment and Cost Data Summary included for each rate element in the original filing. The annual nonrecoverable cost is explained in 24. Federal Tax. The combined state and local tax and nonrecoverable figure was then converted to a present value at 11.25% over 20 years. If the present value calculation is disallowed, GSTC should be allowed to recover this tax liability on a monthly recurring basis.

27. Property Tax: This figure is calculated from the individual states property tax factor in GSTCs 1992 financial factor studies. The property tax figure was then converted to a present value at 11.25% over 20 years. GSTC will be required to pay property taxes on these improvements annually, and if the present value calculation is disallowed, GSTC should be allowed to recover this tax liability on a monthly recurring basis.
28. Gross Receipts Tax: If applicable, this figure is calculated from the individual states gross receipts tax factor in GSTCs 1992 financial factor studies.
33. Maintenance Expense: This figure is calculated from the individual states plant specific expense factor in GSTCs 1992 annual charge factor studies. The maintenance expense figure was then converted to a present value at 11.25% over 20 years. GSTC will incur maintenance expense for these improvements for their life, and if the present value calculation is disallowed, GSTC should be allowed to recover this liability on a monthly recurring basis.
51. Cost per Unit: The summation of lines 2 through 50.
53. Rate per Unit: GSTCs proposed rate.
54. Unit of Measurement: Per office.
55. Ratio: Rate/Direct Cost: GSTCs proposed rate divided by the monthly cost per unit less administrative expenses.
56. Ratio: Rate/Unit Cost: Line 53 / Line 51